PAY-AS-YOU-GO SCORECARD FOR THE SENATE

(Revisions Pursuant to Section 3002 of S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022)

($ in billions)

	Balances
Current Balances:	
Fiscal Year 2022	−5.630
Fiscal Years 2022–2026	−57.400
Fiscal Years 2022–2031	−235.321
Revisions:	
Fiscal Year 2022	0.000
Fiscal Years 2022–2026	36.700
Fiscal Years 2022–2031	30.741
Revised Balances:	
Fiscal Year 2022	−5.630
Fiscal Years 2022–2026	−20.700
Fiscal Years 2022–2031	−204.580

INFLATION REDUCTION ACT OF 2022

Mr. CARDIN. Madam President, Senate Democrats have stepped up and passed legislation that will make it easier for American families to afford health insurance coverage and prescription drugs and lower energy costs and boost domestic job creation in the growing clean energy sector. We have done so while reducing the deficit and without raising taxes on families and small businesses. The Inflation Reduction Act—IRA—tackles climate change, makes the Tax Code fairer, and invests in long-overdue environmental justice programs. This is an historic bill, and polling indicates that large majorities of Americans support its major provisions.

While a simple majority of Senators can pass a budget reconciliation bill, there was nothing to prevent our Republican colleagues from joining us in supporting this measure to lower essential costs for American families and enhance our economic and national security. These are policies that all Senators and all Members of Congress should embrace, and this legislation contains many bipartisan policies. Reconciliation does not have to be a partisan process. Just in the past year, the Senate passed the Infrastructure Investment and Jobs Act—IIJA—the CHIPS + Science semiconductor manufacturing bill, the Honoring Our PACT Act, and Treaty Document No. 117–3, which contains Protocols to the North Atlantic Treaty of 1949 on the Accession of the Republic of Finland and the Kingdom of Sweden, with strong bipartisan majorities. I regret that our Republican colleagues did not join us today in passing the IRA.

As for me, if asked to choose between the status quo or lowering health coverage costs for Maryland families and having large companies pay a minimum, fair share of taxes, there is no contest. I will choose Maryland families every day. I find it incomprehensible that anyone—other than perhaps some billionaires—thinks it is acceptable that teachers, nurses, and mechanics and most small businesses often pay a greater percentage of their income in Federal taxes than the ultrawealthy or a company that makes billions of dollars in profits. The bill we passed today changes that calculation and holds the richest Americans and companies that make over a billion dollars accountable for paying their fair share of taxes, like everyone else in this country.

This past Wednesday, Timothy F. Geithner, Jacob J. Lew, Henry M. Paulson Jr., Robert E. Rubin and Lawrence H. Summers issued the following statement:

As former Treasury Secretaries of both Democratic and Republican Administrations, we support the Inflation Reduction Act, which is financed by prudent tax policy that will collect more from top-earners and large corporations. Taxes due or paid will not increase for any family making less than $400,000/year. And the extra taxes levied on corporations do not reflect increases in the corporate tax rate, but rather the reclaiming of revenue lost to tax avoidance and provisions benefitting the most affluent. The selective presentation by some of the distributional effects of this bill neglects benefits to middle-class families from reducing deficits, from bringing down prescription drug prices, and from more affordable energy. This legislation will help increase American competitiveness, address our climate crisis, lower costs for families, and fight inflation—and should be passed immediately by Congress.

The original top-line estimates from the Congressional Budget Office—CBO—and the Joint Committee on Taxation—JCT—were that the bill would raise $725 billion in revenue, invest $433 billion, and apply the balance—nearly $300 billion—to deficit reduction. These numbers will change some with the final score, but they illustrate the magnitude of what this bill will accomplish. The IRA will help to build a better America for all Americans.

Let's start with health care. The bill we passed today will lower prescription drug prices and make healthcare more affordable for millions of Americans. Finally, the Secretary of Health and Human Services will have the authority to negotiate lower drug prices for the Medicare Program, benefitting both millions of seniors on fixed incomes and taxpayers. In the private sector, no plan sponsor or manager would ever accept responsibility without the ability to decide how to negotiate. Medicare negotiation will ensure that patients with Medicare get the best deal possible on high-priced drugs, saving Medicare approximately $100 billion.

The IRA will further lower drug costs for seniors by capping out-of-pocket costs for part D prescriptions at $2,000 each year, requiring drug manufacturers to pay penalties if they raise their prices faster than inflation, and delaying of the Trump administration's drug rebate rule. Although these provisions alone will lower beneficiary costs, the IRA also lowers costs through a redesign of the Medicare Part D formula, expansion of the low-income subsidy—LIS—in part D, and Federal coverage for vaccines.

The IRA also invests $64 billion to extend ACA healthcare premium subsidies through 2025. These subsidies, first provided through the American Rescue Plan, have guaranteed millions of Americans access to affordable health insurance. Access to affordable health insurance saves lives and reduces costs because people get the care they need and they get it sooner. As Benjamin Franklin said, ''An ounce of prevention is worth a pound of cure.'' The IRA will save Maryland families with median income about $2,200 annually.

The IRA raises several hundred billion dollars by making the Tax Code fairer through three major provisions. The first provides up to $80 billion to the Internal Revenue Service—IRS—to modernize its computer systems, some of which are 60 years old, and rebuild its workforce to ensure greater tax compliance. CBO estimates that investing $80 billion in tax enforcement and compliance will generate $203 billion in additional revenue over the next 10 years.

Since 2010, the IRS budget has been cut by roughly 20 percent, and the budget earmarked for enforcement has dropped by 24 percent. Audit rates for the largest corporations and the ultrawealthy have fallen dramatically, by 54 and 71 percent, respectively. We now have the perverse situation where the poorest American families are audited at about the same rate as the top 1 percent richest taxpayers, even though that 1 percent is responsible for 28 percent the ''tax gap,'' the difference between taxes owed and collected. According to recent polling, nearly three-quarters of Americans believe the IRS should conduct more tax audits of large corporations and millionaires.

The IRA provides 10-year funding for the IRS as follows: $3.2 billion for taxpayer services; $45.6 billion for enforcement; $25.3 billion for operations support; and $4.8 billion for business systems modernization.

These appropriated funds are to remain available until September 30, 2031, and no use of the funds is intended to increase taxes on any taxpayer with taxable income below $400,000.

The bill also makes it easier for the IRS to establish a free, direct e-file tax return system. The IRS currently outsources its free e-file program to private, for-profit tax preparers. Not surprisingly, only 3 percent of taxpayers—of 70 percent eligible—use the existing free e-file option.

The second major provision establishes a minimum corporate income tax of 15 percent of book income on fewer than 200 of the Nation's largest corporations that currently pay less than the statutory corporate tax rate, which is 21 percent. The corporate alternative minimum tax—CAMT—proposal would impose the 15 percent minimum tax on adjusted financial statement—''book''—income for corporations with profits in excess of $1 billion. Corporations would generally be eligible to claim net operating losses and tax credits against the AMT and would be eligible to claim a tax credit against the regular corporate tax for AMT paid in prior years, to the extent the regular tax liability in any year exceeds 15 percent of the corporation's adjusted financial statement income.

In 2020, 50 of the biggest corporations paid $0 in Federal corporate income tax, despite recording substantial profits. Some of these companies effectively had a negative Federal income tax because they received more in credits and rebates than they paid in taxes. The AMT makes the existing corporate tax structure fairer, especially for smaller businesses that often pay their taxes at higher rates than the largest corporations. Consider that many small businesses pay taxes through the individual tax code, where the highest tax rate is as much as 37 percent. Setting a baseline of taxes to be paid by the largest corporations gives small businesses a better chance to compete and succeed.

The third provision is a 1 percent excise tax on stock buybacks. Corporations can choose to distribute profits either by issuing dividends or buying back shares of stock, which inflates stock prices. Stock buybacks are taxed at a lower rate than dividends and create profit gaming opportunities for companies, which have been abused over time. By levying a small 1 percent tax on these buyback transactions, it improves tax efficiency and raises revenue that will significantly contribute to deficit reduction.

The IRA's tax provisions will increase compliance and close the tax gap, which costs the U.S. $1 trillion per year in unpaid taxes, according to the IRS. That is important for the revenue they raise. It is also important that millions of hard-working Americans who play by the rules and pay their taxes believe that the system is fair and that the ultrawealthy and large corporations aren't dodging their financial responsibilities.

We need to address climate change by rapidly reducing our dependence on fossil fuels and cutting our greenhouse gas emissions. The IRA does that. It will cut our emissions by 40 percent or more by 2030 and put us on track to meet 70 percent of our Paris agreement obligations. It contains a Methane Emissions Reduction Program to reduce leaks from the production and distribution of oil and natural gas.

The IRA contains roughly $370 billion in clean energy, energy security, and climate change investments that will lower Americans' electricity bills and prices at the pump and create as many as 9 million good-paying jobs here in America in the clean energy sector over the next decade.

I am pleased the IRA includes a provision I have championed, a production tax credit for our existing fleet of nuclear reactors. They are an essential source of baseload power and provide 20 percent of the Nation's electricity and over 50 percent of our carbon-free electricity.

According to the non-partisan Resources for the Future, all told, the IRA will drive down retail costs of electricity by 5.2–6.7 percent over the next decade, saving electricity consumers $209-$278 billion. The average household will experience approximately $170-$220 in annual savings from smaller electricity bills and reductions in the costs of goods and services over the next decade. The clean energy investments will help to insulate ratepayers from volatility in natural gas prices, with electricity rates projected to decrease even under a high natural gas price scenario. More importantly, the IRA will bolster our economic and national security by strengthening our grid and reducing reliance on foreign energy supplies.

The legislation also includes a historic expansion of a tax program I have led, the section 179D energy efficient commercial buildings deduction, which provides a tax deduction for energy efficient building investments. Energy efficiency is good business and good policy. This legislation will expand section 179D, which was made permanent in 2020 under my leadership, to increase the deduction amount, improve its administration, allow more nonprofits to use the deduction, and expand its use to building retrofits.

In addition to the important steps the IRA takes to advance clean energy and reduce greenhouse gas emissions, the bill delivers major Federal investments to make our communities healthier, safer, and more resilient in the face of increasing impacts of climate change. It provides Federal assistance for monitoring environmental quality, mitigating the harmful impacts of air pollution and excessive heat, and enhancing walkability in our neighborhoods. It does this through $3 billion for Neighborhood Access and Equity Grants and $3 billion for Environmental and Climate Justice Block Grants. By targeting resources to disadvantaged or underserved communities, the bill advances equity in our infrastructure planning and investments.

Climate change is happening now. We need to address its impacts on the ground. The IRA invests $2.6 billion for the conservation, restoration, and protection of coastal and marine habitats and resources, including fisheries, to enable coastal communities to prepare for extreme storms and other changing climate conditions, as well as $250 million to rebuild and restore units of the National Wildlife Refuge System and State wildlife management areas.

The bill supports America's farmers and rural communities, with around $20 billion in funds for climate-smart agricultural practices through existing farm bill conservation programs, including the regional conservation partnership program—RCPP—and $1 billion for the Natural Resources Conservation Service, to provide technical assistance on conservation to producers. Many sustainable practices such as expanding cover crops and riparian buffers that mitigate greenhouse gas emissions and help farmers adapt to climate change also cost-effectively reduce pollution to the Chesapeake Bay.

The IRA makes investments to accelerate clean energy deployment, help achieve our climate goals, and create millions of jobs over the next decade. These investments include an expanded tax credit to support domestic manufacturing of clean energy technologies, including solar panels, wind turbines, and batteries; and tax credits that will make battery and fuel cell electric vehicles—EVs—more affordable for millions of families. The bill provides over $9 billion for Federal procurement of American-made clean technologies, including $3 billion for the U.S. Postal Service to purchase zero-emission vehicles, helping to create a stable market for clean, Made in America products.

Researchers Robert Pollin, Chirag Lala, and Shouvik Chakraborty at the University of Massachusetts-Amherst's Political Economy Research Institute estimate that the IRA's more than 100 climate, environmental, and energy provisions will generate an average of about 912,000 jobs each year over the next decade through combined annual public and private investments of $98 billion.

The IRA tax credits and other provisions won't just help create jobs; they will help create jobs that pay prevailing wages. The middle class has experienced wage stagnation for half a century. Income inequality has grown. The IRA will help to rebuild the middle class. Unions from the Communication Workers of America and the United Auto Workers to the National Treasury Employees Union and the International Federation of Professional and Technical Engineers all support the IRA because it promotes union jobs and apprenticeships and because it will lower healthcare costs.

In May, the Treasury Department estimated that the budget deficit this year will decline by $1.5 trillion. As President Biden noted at the time, "The bottom line is that the deficit went up every year under my predecessor before the pandemic and during the pandemic. And it's gone down both years since I've been here. Period." The IRA is fiscally responsible and will help reduce our budget deficits.

Deficits remain too high, of course, but one of the best ways to address them is by getting unemployed Americans back to work. The July jobs report released on Friday put the unemployment rate at 3.5 percent, matching the lowest it has been in 50 years. The U.S. economy added 528,000 jobs in July, more than twice the number economists anticipated. As Myles Udland, Senior Markets Editor of Yahoo! Finance, stated,

> This staggering increase in employment completes a milestone for the U.S. economy: Pre-pandemic employment is now fully restored.
>
> In February 2020, the last month before the COVID–19 pandemic tipped the U.S. economy into recession, there were 152.504 million people employed in the U.S.
>
> As of July 2022, 152.536 million people in the U.S. were working.

And despite the labor market contraction during the pandemic being the sharpest in modern history, the bounce back marks the second-fastest job market recovery since 1981.

In a little over two years, we've seen job losses that topped 20 million at one point be fully erased.

This recovery stands in stark contrast to the malaise we saw in the labor market following the financial crisis, when it took the better part of a decade for pre-crisis employment levels to be restored.

Inflation is also too high, but its root causes are COVID–19 pandemic-related supply chain disruptions and Vladimir Putin's war on Ukraine. The IRA tackles these disruptions by promoting domestic manufacturing and supply chains and reducing our reliance on foreign energy. On August 2, 2022, over 120 prominent economists wrote a letter to Senate and House leadership stating that the IRA ''addresses some of the country's biggest challenges at a significant scale. And because it is deficit-reducing, it does so while putting downward pressure on inflation.''

There is much to celebrate in this bill, but there are many priorities that we were not able to add. This ''to do'' list includes reinstating the expanded child tax credit and making child care accessible and affordable. My priority list includes legislation I have long championed to expand dental coverage to Medicare beneficiaries, as well as to Medicaid beneficiaries, along with expansions to home and community-based and maternal health services. Congress also needs to address housing supply and economic development priorities, including the Neighborhood Homes Investment Act, the Low-Income Housing Tax Credit, the New Markets Tax Credit, and the Historic Tax Credit. While the IRA will help create good-paying union jobs, we need to do more to protect and enhance workers' rights to form and join unions and engage in collective bargaining. And I will continue working to fund water infrastructure programs the IIJA created to address urgent affordability and resilience issues.

While that seems like a long list, we must not let the perfect be the enemy of the good, and the IRA is so much better than good. It is transformational legislation, and I am proud to support it. I want to commend Majority Leader SCHUMER and so many of my colleagues who have worked diligently both in the spotlight and behind the scenes to bring us to this point. I also want to acknowledge committee and personal staff; CBO and JCT staff; Senate Parliamentarian Elizabeth MacDonough and her crew; leadership, floor, and cloakroom staff; the Senate legislative counsels; and others. You toil anonymously, but I hope you know how important you are. The Senate could not function without you. You are among our Nation's finest public servants, and you are making a critical difference in the lives of all Americans.

The American essayist Charles Dudley Warner famously said, ''Everybody complains about the weather, but nobody does anything about it''—a quote commonly misattributed to his friend Mark Twain. Passing a reconciliation bill is like that. We all complain about the process, especially the so-called vote-a-rama, which is grueling and grinding and befuddling to just about everyone, but we don't fix it. In fact, it seems to get worse each time, not better. I know I would prefer not to go through the process again, but the Inflation Reduction Act and the American Rescue Plan before it have been worth it.

Dahlia Rockowitz, Washington director of Dayenu: A Jewish Call to Climate Action, noted that the Senate consideration of the Inflation Reduction Act began on the Shabbat and Tisha B'Av, a Jewish day of collective mourning for historic destructions. But as she pointed out, '' . . . according to Jewish tradition, this day of despair is also the day that new hope and the potential of a rebuilt, reimagined, redeemed world is born. These investments in clean energy and transportation can help us emerge from climate-fueled disasters to a more hopeful, clean energy future for generations to come.''

INFLATION REDUCTION ACT OF 2022

Ms. CORTEZ MASTO. Madam President, I rise to enter into a colloquy with the chairman of the Finance Committee, Senator WYDEN, to discuss sections 13701 and 13702 of the Inflation Reduction Act. These sections establish new sections 45Y and 48D of the Tax Code that provide new tax credits for, respectively, production from and investment in clean electricity resources that are placed in service after December 31, 2024.

Mr. WYDEN. I am pleased to join the senior Senator from Nevada in this colloquy today to discuss sections 13701 and 13702 of the Inflation Reduction Act. These sections of the Inflation Reduction Act reflect the work of a variety of Members, but few Members have been as focused on geothermal energy than the Silver State's senior Senator.

Ms. CORTEZ MASTO. As the chairman of the Finance Committee knows well, the Inflation Reduction Act includes new and improved clean energy tax credits, and I commend Senator WYDEN for leading the effort to simplify the Tax Code's incentives for clean electricity. These credits will advance our transition to a clean energy future and are a key part of this legislation's goal of reducing carbon emissions from the electricity sector more than 40 percent by 2030.

The 45Y and 48D provisions expressly make geothermal energy eligible for critical tax credits, and I appreciate the chairman's attention to this issue given its importance to Nevada's economy. Nevada is a leader in geothermal energy and the industry provides critical jobs and revenues for my State and others across the country. Geothermal resources also provide clean power, and they are essential to meet the emissions reduction goals of this legislation. As the current chairman of the Finance Committee and former chairman of the Energy and Natural Resources Committee, can Senator WYDEN comment how this legislation intends to spur the deployment of this critical clean energy technology?

Mr. WYDEN. I appreciate the question. For those unfamiliar with geothermal energy, it is generally produced by delivering geothermal brine and steam from underground reservoirs to the surface, where the resource then runs turbines to generate electricity. In some cases, there is a de minimis of amount of naturally occurring non-combustion emissions released in the renewable generating process and the electricity produced is considered emissions free.

Thanks in part to the relentless efforts from Senator CORTEZ MASTO, the Inflation Reduction Act provides the same incentives for geothermal energy resources placed in service after December 31, 2024, as it does for electricity produced by solar, wind, and other renewable resources. Indeed, all geothermal energy is included among the resources meeting the definition of ''qualified facility'' for the purposes of the new sections 45Y and 48D included in the Inflation Reduction Act.

I thank my colleague from Nevada for her dedication to and leadership on geothermal energy incentives. I am pleased to have worked with her on these incentives, and I most certainly agree that electricity produced from geothermal resources property qualifies for the production and investment incentives provided by sections 13701 and 13702 of the Inflation Reduction Act. That has been my intent throughout the course of drafting this legislation. Geothermal resources are critical to our clean energy future, and I thank my colleague for her collaboration in developing these robust new tax credits for clean energy.

Ms. CORTEZ MASTO. I thank the chairman of the Finance Committee and my friend from Oregon for his comprehensive answer, his commitment to solving for climate change, and for joining me today in this colloquy.

TRIBUTE TO KIM BRINKMAN

Mr. CARDIN. Madam President, I would like to take this opportunity to congratulate Kim Brinkman, who will be retiring on August 11, and to thank her for her 34-plus years of exemplary service to the Senate community. Kim has spent her entire career working in the Senate Disbursing Office. Her colleagues in disbursing will miss her, but so, too, will all Senators and Senate staff and their families. We have all relied on Kim for expert advice and guidance on pay and health and retirement benefits and other issues.